

FISCAL IMPACT STATEMENT ON BILL NO. **S. 709**

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TO:	The Honorable Harvey S. Peeler, Chairman, Senate Medical Affairs Committee		
FROM:	Office of State Budget, Budget and Control Board		
ANALYSTS:	R.J. Stein		
DATE:	January 26, 2006	SBD:	2006022

AUTHOR:	Senator Mescher	PRIMARY CODE CITE:	44-18-110
SUBJECT:	Mercury Switch Removal Act		

ESTIMATED FISCAL IMPACT ON GENERAL FUND EXPENDITURES:

A Cost to the General Fund (see below)

ESTIMATED FISCAL IMPACT ON FEDERAL & OTHER FUND EXPENDITURES:

A Cost of Federal and/or Other Funds (See Below)

BILL SUMMARY:

Senate Bill 709 amends Title 44 of the Code of Laws of South Carolina, 1976, by adding Chapter 18 establishing the Mercury Switch Removal Act. This Bill requires all manufacturers of motor vehicles sold in this state to develop a plan to remove mercury switches from motor vehicles prior to their ultimate destruction. The Bill specifies the information that must be included in such plans and requires the Department of Health & Environmental Control (DHEC) to approve, administer and enforce all such plans. The Bill imposes a fee on vehicle manufacturers of \$5.00 per mercury switch to be paid to vehicle recyclers at the time of removal, and a \$1.00 per switch fee to cover administrative and enforcement costs. The Bill also authorizes DHEC to promulgate regulations to implement this Chapter. The Bill also requires vehicle recyclers to maintain proper records.

EXPLANATION OF IMPACT:

The Bill requires manufacturers of motor vehicles sold in this state to develop a mercury switch removal plan, and to provide funding for its implementation by setting minimum fees of \$5.00 for each switch removed (paid to the recycler who removes the switch), and \$1.00 for administrative costs (paid to DHEC).

The Department of Health & Environmental Control estimates that enactment of this Bill would require first year costs of \$284,580 in additional General Funds of the State and \$166,320 in Other Funds. Costs would cover salary and fringe for 5.50 FTEs, education and compliance manager (1.00), enforcement inspectors (4.00) and an Administrative Assistant (0.50), State funds \$191,000 and Other Funds \$148,900. General Fund recurring operating costs are estimated at \$21,400 and \$72,080 in non-recurring funds and Other Funds recurring operating cost of \$11,500 and non-recurring costs of \$5,920.

Second year total costs are estimated at \$212,500 in State funds and \$160,400 in Other funds. Each year thereafter however, reimbursement fees will decline and General Fund costs will increase by about 10% per year as the number of mercury switches in motor vehicles is reduced by manufacturers.

SPECIAL NOTES:

The Board of Economic Advisors is the appropriate entity to address any revenue impact associated with this Bill.

Approved by:



Don Addy
Assistant Director, Office of State Budget